COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Investigation by the Department of Telecommunications and Energy on its own Motion into the Appropriate Pricing, based upon Total Element Long-Run Incremental Costs, for Unbundled Network Elements and Combinations of Unbundled Network Elements, and the Appropriate Avoided Cost Discount for Verizon New England, Inc. d/b/a Verizon Massachusetts' Resale Services in the Commonwealth of Massachusetts	D.T.E. 01-20 Part A (UNE Rates)

AT&T'S REPLY BRIEF AFTER EVIDENTIARY HEARINGS ON RECONSIDERATION

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purchase from Lucent under those terms.[26] Verizon asserts that this number was the result of asking

Lucent to price out new switch software "based upon its best price in a competitive bidding situation."[27] But the evidence shows that this claim is false: the best price, which Verizon routinely obtains from Lucent through competitive bids, is new switch software for no charge, *i.e.* zero dollars.[28] Verizon says that this is because "generic 5E14 software has been prepaid in prior buyouts."[29] In fact, however, the software that Verizon gets at no extra charge from Lucent is **<Begin Vz Proprietary>** XXXX XXXX XXXX XXXX XXX XXXX XX XXX XXXX.[30] **<End Vz Proprietary>**

Verizon also relies upon a switching software contract between AT&T and Lucent.[31] But that contract is irrelevant here. First, the contract terms on which Verizon relies do not apply to local switches, and thus do not concern the software at issue with respect to Verizon's motion for reconsideration with respect to initial RTU fees for local switches.[32] Second, Verizon mischaracterizes the contract by describing it as an agreement by AT&T "to pay substantial RTU fees for each switch."[33] In fact, the figures cited by Verizon are solely for the purposes of exercising a substantial credit from Lucent to AT&T, to resolve issues not in evidence here.[34] Third, even if Verizon had proven that AT&T actually paid these amounts in connection with the purchase of new local switches, which it has not, all that would show is that AT&T was unable to obtain the same favorable pricing for switching software that Verizon routinely gets through

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